

Medicare Coverage--Why is it so Complicated?

Why can't CMS offer a simple explanation for how to consistently achieve Medicare coverage?

The Nature of the Problem

- Since medicine is “an art, not a science,” determining Medicare coverage becomes an art as well
- There are no agreed-upon criteria for how to treat every single patient
- Consequently, each claim must stand on its own merits, and each service must be justified

“Covered” Medicare Services are not Always Covered

- In order to be covered, all Medicare services must meet all three tests of appropriateness:
 - Service is furnished by appropriate provider
 - Service is furnished in appropriate setting
 - Service is appropriate in amount, duration and scope to the individual patient’s medical needs

“Appropriateness” is Difficult

- Medicare coverage often includes requirements regarding place of service and the practitioner who can offer the service
 - Determining these levels is a cause for conflict
 - Medical societies sometimes in conflict as to which specialty is appropriate, and what training should be required
 - Sometimes this changes as service “matures”

Appropriateness (continued)

- Determinations regarding patients who should benefit from the service included
 - Patient inclusion and exclusion criteria are increasingly used in coverage policies
 - They are difficult to establish and may complicate claims processing
 - However, lack of such criteria result in contractor variation in coverage of claims

Coverage Decisions try to Cover all the Possibilities

- All of the “appropriateness” questions must be handled, and in relatively simple terms
- All of the exceptions should be considered
- Ideally, every possible variation and nuance of every possible claim should be foreseen
- All of this requires a lot of good, well-organized data

So, What does Medicare Need?

- All the information possible about the service, its uses, abuses, pitfalls, exceptions, patient responses--everything
- A small study of one group of potential patients is not very helpful
- Even a large study with mixed results does not offer assurance that coverage can be easily offered

What if they don't get it?

- To the extent that data is not available, the default is to deny coverage until the data do become available
- The more questions unanswered, the narrower the coverage policy will be drawn
- Anticipation of what Medicare is likely to need is the best weapon in your arsenal

Why does it have to be this way?

- Medicare faces over 2 million claims per day, every single day--all must be processed
- Congress cuts administrative budgets every chance they get (annually)
- No way out--claims must be automated as much as possible
- Complexity of coverage is bad news

Automated Processing Requires

- A coding system, preferably tied to payment amounts and “yes-no” coverage decisions
- Fixed payment amounts for various types of claimant
- No ambiguities--none, absolutely none!
- Folks who get sick in a standardized, rational manner and get well the same way

Variables in Illness and Patient Response mean Trouble

- Medicare patients usually have more than one ailment or condition.
- Patients do not respond equally to a treatment
- MD's differ on what the “best treatment” is for complex patients
- All this spells trouble for automated claims processing

So, Why all the Complexity?

- Medicare coverage, like medicine, is an art, not a science.
- CMS administrative imperatives try and force an impossible level of standardization
- These two opposing forces, coupled with the medical conditions of the Medicare population, guarantee conflict and complexity

So, What do you do?

- Understand the reasons for the system
- Don't try and beat it, forget about fighting it
- Try and find where and how your service fits, if not sure, call and ask
- Try and be as clear and unambiguous as possible about what the service is, who it is for, who it is not for, etc.